

Senate Bill No. 1424

Passed the Senate August 20, 2014

Secretary of the Senate

Passed the Assembly August 14, 2014

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2014, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to repeal Section 3 of Chapter 815 of the Statutes of 1976, relating to tidelands, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1424, Wolk. State property: tidelands transfer: City of Martinez.

(1) Existing law grants to the City of Martinez all right, title, and interest of the state to 3 specified parcels of land in the Straits of Carquinez, to be held in trust for specified uses. The Kapiloff Land Bank Act creates the Land Bank Fund and continuously appropriates moneys in the fund, subject to a statutory trust, to the State Lands Commission, acting as the Land Bank Trustee, to acquire real property or any interest in real property for the purposes of public trust title settlements.

This bill would repeal that grant of trust lands to the City of Martinez and would instead provide for a new grant of trust lands to the City of Martinez that would include an additional 4th parcel. The bill would require the trust lands to be held by the city, as trustee, for the benefit of all the people of the state for purposes consistent with the public trust doctrine, including the protection of maritime or water-dependent commerce, navigation, and fisheries, the preservation of the lands in their natural state for scientific study, open space, wildlife habitat, and water-oriented recreation. The bill would authorize the city to lease trust lands under specified conditions for purposes consistent with the grant.

The bill would require the City of Martinez to submit to the commission by January 1, 2020, for its approval, a trust lands use plan, as prescribed. The bill would require the city to file with the commission by September 30, 2025, and every 5 years thereafter, a detailed report of its trust lands uses and, an annual statement of trust revenues and expenditures that meets specified requirements. The bill would require the city to file a specific document with the commission before expending trust revenues for any single capital improvement on the trust lands greater than \$250,000 and would prohibit that expenditure of funds if the commission determines it is not authorized.

The bill would require, commencing June 30, 2015, and at the end of every fiscal year thereafter, and subject to an exception, that 20% of all gross revenues generated from the trust lands be transmitted to the commission, for allocation by the Treasurer, of which 80% would be deposited in the General Fund and 20% in the Land Bank Fund, thereby making an appropriation.

By imposing new duties on the City of Martinez with respect to the trust lands, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 3 of Chapter 815 of the Statutes of 1976, as amended by Section 1 of Chapter 387 of the Statutes of 2002, is repealed.

SEC. 2. (a) For purposes of this act, the following definitions shall apply:

(1) “Commission” means the State Lands Commission.

(2) “Public trust doctrine” means the common law doctrine, as enunciated by the court in *National Audubon Soc. v. Superior Court* (1983) 33 Cal.3d 419, and other relevant judicial decisions, specifying the state’s authority as sovereign to exercise continuous supervision and control over the navigable waters of the state, the lands underlying those waters, and nonnavigable tributaries to navigable waters, including the protection of maritime or water-dependent commerce, navigation, and fisheries, and the preservation of the lands in their natural state for scientific study, open space, wildlife habitat, and water-oriented recreation.

(3) “State” means the State of California.

(4) “Trustee” means the City of Martinez, a municipal corporation.

(5) “Trust lands” means Parcel “A,” Parcel “B,” Parcel “C,” and Parcel “D”, as described in subdivision (b), situated in the

County of Contra Costa. The descriptions of these parcels are based on the California Coordinate System Zone 3 as shown on Map of “City of Martinez Waterfront Area” filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor’s Maps in the Office of the Contra Costa County Recorder.

(6) “Trust revenues” means all revenues received from trust lands and trust assets.

(7) “Trust lands use plan” or “plan” means the trust lands use plan required to be submitted by the trustee to the commission pursuant to Section 4 of this act.

(8) “Trust lands use report” means the report of the trustee’s utilization of the trust lands required to be submitted by the trustee pursuant to Section 5 of this act.

(b) There is hereby granted in trust to the City of Martinez and to its successors, all of the rights, title, and interest of the state, held by the state by virtue of its sovereignty, in and to four parcels of land situated in the County of Contra Costa and described as follows:

Parcel “A”

Commencing at the intersection of the north line of Tideland Survey No. 9 and the east line of North Court Street as shown on Map of “City of Martinez Waterfront Area” filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor’s Maps in the Office of the Contra Costa County Recorder; thence along said northerly line of Tideland Survey No. 9 North $76^{\circ} 56' 53''$ East 488.36 feet; thence leaving said northerly line North $20^{\circ} 03' 30''$ West 130.00 feet; thence North $63^{\circ} 50' 00''$ East 85.00 feet to the true point of beginning; thence North $03^{\circ} 30' 00''$ East 110.00 feet; thence North $12^{\circ} 10' 00''$ East 660.00 feet; thence North $05^{\circ} 05' 39''$ West 119.71 feet; thence North $88^{\circ} 03' 16''$ East 242.85 feet; thence South $12^{\circ} 10' 00''$ West 797.24 feet; thence South $63^{\circ} 50' 00''$ West 233.84 feet to the point of beginning.

Parcel “B”

Commencing at the intersection of the north line of Tideland Survey No. 9 and the east line of North Court Street as shown on Map of “City of Martinez Waterfront Area” filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor’s Maps in the Office of the Contra Costa County Recorder; thence along said northerly line of Tideland Survey No. 9 North $76^{\circ} 56' 53''$ East 488.36 feet; thence leaving said northerly line North $20^{\circ} 03' 30''$

West 130.00 feet; thence North 63° 50′ 00″ East 318.84 feet to the true point of beginning being the southeasterly corner of Parcel “A” described above; thence North 12° 10′ 00″ East 797.24 feet along the east line of said Parcel “A”; thence leaving said east line North 88° 03′ 16″ East 156.26 feet; thence South 89° 00′ 00″ East 100.00 feet; thence South 66° 20′ 00″ East 120.00 feet; thence South 25° 45′ 00″ East 453.00 feet; thence South 68° 10′ 00″ West 385.00 feet; thence South 63° 50′ 00″ West 416.16 feet to the point of beginning.

Parcel “C”

That parcel of land described in the lease to the Southern Pacific Transportation Company by the City of Martinez per Resolution No. 111 (1959 series) dated August 5, 1959, and Resolution No. 72-75 dated June 4, 1975.

Parcel “D”

Commencing at the intersection of the north line of Tideland Survey No. 9 and the west line of North Court Street as shown on Map of “City of Martinez Waterfront Area” filed March 10, 1955, in Volume 16, Pages 39 to 43, Licensed Surveyor’s Maps in the Office of the Contra Costa County Recorder; thence South 20° 03′ 30″ East 240.00 feet to the true point of beginning; thence South 69° 56′ 30″ West 50.00 feet to the centerline of North Court Street; thence North 20° 03′ 30″ West 630.00 feet along the centerline of North Court Street; thence leaving said centerline North 63° 05′ 00″ West 410.36 feet; thence North 20° 03′ 30″ West 530.00 feet; thence North 17° 02′ 14″ East 272.81 feet; thence North 16° 00′ 00″ West 380.00 feet; thence South 79° 47′ 48″ West 300.00 feet; thence North 10° 12′ 12″ West 200.00 feet; thence North 79° 47′ 48″ East 380.00 feet; thence North 69° 56′ 30″ East 810.00 feet; thence South 81° 03′ 30″ East 710.00 feet; thence South 07° 00′ 00″ West 900.00 feet; thence South 05° 05′ 39″ East 119.71 feet; thence South 12° 10′ 00″ West 660.00 feet; thence South 03° 30′ 00″ West 110.00 feet; thence South 63° 50′ 00″ West 85.00 feet; thence South 20° 03′ 30″ East 130.00 feet to the intersection with the northerly line of the Tideland Survey No. 9; thence along said northerly line South 76° 56′ 53″ West 35.00 feet; thence leaving said northerly line South 20° 03′ 30″ East 184.70 feet; thence South 69° 56′ 30″ West 450.00 feet to the point of beginning.

SEC. 3. The trust grant specified in Section 2 of this act is subject to all of the following express conditions:

(a) The trust lands shall be held by the trustee in trust for the benefit of all the people of the state for purposes consistent with the public trust doctrine, including, but not limited to, maritime or water-dependent commerce, navigation, and fisheries, the preservation of the lands in their natural state for scientific study, open space, wildlife habitat, and water-oriented recreation.

(b) On and after January 1, 2020, the use of the trust lands shall conform to an approved trust lands use plan, as required by Section 4 of this act.

(c) The trustee shall not, at any time, grant, convey, give, or otherwise alienate or hypothecate the trust lands, or any part of the trust lands, to any person, firm, entity, or corporation for any purpose whatsoever.

(d) The trustee may lease the trust lands, or any part of the trust lands, for limited periods, not exceeding 49 years, for purposes consistent with the trust upon which those lands are held, as specified in subdivision (a). The trustee may collect and retain rents and other trust revenues from those leases, under rules and regulations adopted in accordance with Section 7 of this act, and in accordance with all of the following requirements:

(1) On and after January 1, 2020, all leases or agreements proposed or entered into by the trustee shall be consistent with the trust lands use plan approved by the commission, as required by Section 4 of this act. Any leases entered into prior to January 1, 2020, shall be consistent with the terms of subdivision (a).

(2) The lease rental rates shall be for a fair annual rent.

(3) The lease shall be in the best interest of the state.

(e) When managing, conducting, operating, or controlling the trust lands or an improvement, betterment, or structure on the trust lands, the trustee or his or her successor shall not discriminate in rates, tolls, or charges for any use or service in connection with those actions and shall not discriminate against or unlawfully segregate any person or group of persons because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status, in accordance with Article 1 (commencing with Section 12940) of Chapter 6 of Part

2.8 of Title 2 of the Government Code and other state antidiscrimination laws, for any use or service in connection with those actions.

(f) The state shall have the right to use, without charge, a transportation, landing, or storage improvement, betterment, or structure constructed upon the trust lands for a vessel or other watercraft or railroad owned or operated by, or under contract to, the state.

(g) The trust lands are subject to the express reservation and condition that the state may, at any time, use those lands, or any portion of those lands, for highway purposes without compensation to the trustee or a person, firm, or public or private corporation claiming a right to those lands, except that, if the improvements have been placed with legal authority upon the property taken by the state for highway purposes, compensation shall be made to the person entitled to the value of the interest in the improvements taken or the damages to that interest.

(h) There is reserved to the people of the state the right to fish in the waters over the trust lands, with the right of convenient access to those waters over the trust lands for this purpose.

(i) There is excepted and reserved to the state all remains or artifacts of archaeological or historical significance and all deposits of minerals, including, but not limited to, all substances specified in Section 6407 of the Public Resources Code, in the trust lands and the right to prospect for, mine, and remove those deposits from the lands.

(j) The trustee shall reimburse the commission for all expenses incurred in the administration of this act, including periodic audits or investigations.

SEC. 4. (a) On or before January 1, 2020, the trustee shall submit to the commission a trust lands use plan describing any proposed development, preservation, or other use of the trust lands. The trustee shall thereafter submit to the commission for approval all changes of, amendments to, or extensions of, the trust lands use plan.

(b) The commission shall review with reasonable promptness the trust lands use plan submitted by the trustee and any changes or amendments to determine whether they are consistent with the public trust and the requirements of this act. Based upon its review, the commission shall either approve or disapprove the plan. If the

commission disapproves the plan, the commission shall notify the trustee and the trustee shall submit a revised plan to the commission no later than 180 days after the date of notice of disapproval. If the commission determines the revised plan is inconsistent with the public trust doctrine and the requirements of this act, all rights, title, and interest of the trustee in and to the trust lands and improvements on the trust lands shall revert to the state.

(c) The trust lands use plan shall consist of a plan, program, or other document that includes all of the following:

(1) A general description of the type of uses planned or proposed for the trust lands. The location of these land uses shall be shown on a map or aerial photograph.

(2) The projected statewide benefit to be derived from the planned or proposed uses of the trust lands, including, but not limited to, financial benefit.

(3) The proposed method of financing the planned or proposed uses of the trust lands, including estimated capital costs, annual operating costs, and anticipated annual trust revenues.

(4) An estimated timetable for implementation of the trust lands use plan or any phase of the plan.

(5) A description of how the trustee proposes to protect and preserve natural and manmade resources and facilities located on the trust lands and operated in connection with the use of the trust lands, including, but not limited to, addressing impacts from sea level rise.

(d) The trustee shall also submit to the commission, as part of the trust lands use plan, for its approval, procedures, rules, and regulations to govern the use or development of the trust lands. These rules and regulations shall include, but are not limited to, lease rates, the basis upon which the rates are established, lease terms and conditions, provisions for the renegotiation of rates and terms and assignments, and any other information as may be required by the commission.

(e) Any use of the trust lands, including, but not limited to, all leases or agreements proposed, or entered into, by the trustee after January 1, 2020, shall be consistent with the trust lands use plan submitted by the trustee and approved by the commission.

(f) Upon request, the trustee shall submit to the commission a copy of all leases and agreements entered into, renewed, or renegotiated.

SEC. 5. (a) On or before September 30, 2025, and on or before September 30 of every succeeding fifth year, the trustee shall submit a report of its utilization of the trust lands for each immediately preceding five-calendar-year period ending with June 30 of the calendar year in which the report is required to be submitted.

(b) The report required by this section shall include all of the following:

(1) A general description of the uses to which the trust lands have been placed during the period covered by the report.

(2) A list of the holders of leases or permits that have been granted or issued by the trustee, which list shall specify all of the following, as to each holder:

(A) The use to which the trust lands have been placed by the holder.

(B) The consideration provided for in each lease or permit, and the consideration actually received by the trustee for the lease or permit granted or issued.

(C) An enumeration of the restrictions that the trustee has placed on the use of the trust lands, and each area of the trust lands, for the period covered by the report.

SEC. 6. (a) The trustee shall demonstrate good faith in carrying out the provisions of its trust lands use plan and amending it when necessary in accordance with Section 4 of this act.

(b) If the commission determines that the trustee has substantially failed to improve, restore, preserve, or maintain the trust lands, as required by the trust lands use plan, or has unreasonably delayed implementation of the trust lands use plan, all rights, title, and interest of the trustee in and to the trust lands and improvements on the trust lands shall revert to the state.

SEC. 7. (a) (1) The trustee shall establish and maintain accounting procedures, in accordance with generally accepted accounting principles, providing accurate records of all revenues received from the trust lands and trust assets and of all expenditures of those revenues.

(2) All trust revenues received from the trust lands and trust assets shall be expended only for those uses and purposes consistent with this act. The trustee shall provide for the segregation of funds derived from the use of the trust lands by the trustee from other city municipal funds, so as to ensure that trust revenues are only

expended to enhance or maintain the trust lands in accordance with the uses and purposes for which the trust lands are held.

(3) Trust revenues may be expended to acquire appropriate upland properties to benefit and enhance the trust lands, subject to a determination by the commission that the acquisition is consistent with this act and in the best interest of the state. Property acquired with these trust revenues shall be considered an asset of the trust and subject to the terms and conditions of this act.

(b) The trustee shall comply with Section 6306 of the Public Resources Code. The annual statement and standardized reporting form required to be filed pursuant to subdivision (e) of that section shall also include a summary explaining how the trustee is using trust revenues to revitalize the marina and prevent its closure.

(c) (1) Before expending trust revenues for any single capital improvement on the trust lands involving an amount in excess of two hundred fifty thousand dollars (\$250,000) in the aggregate, the trustee shall file with the commission a detailed description of the capital improvement not less than 120 days prior to the time of any disbursement of trust revenues for, or in connection with, that capital improvement.

(2) Within 120 days after the time of a filing specified in paragraph (1), the commission shall determine, if the filing is made on or before December 31, 2019, whether the capital improvement is consistent with subdivision (a) of Section 3 of this act or, if the filing is made on or after January 1, 2020, whether the capital improvement is consistent with the trust lands use plan. The commission may request the opinion of the Attorney General on the matter and, if the commission makes this request, the Attorney General shall deliver a copy of the opinion to the trustee with the notice of its determination.

(3) If the commission notifies the trustee that the capital improvement is not authorized, the trustee shall not disburse any trust revenues for, or in connection with, the capital improvement, unless it is determined to be authorized by a final order or judgment of a court of competent jurisdiction.

(4) The trustee may bring suit against the state for the purpose of securing an order or judgment for purposes of paragraph (3), which suit shall have priority over all other civil matters. Service shall be made upon the executive officer of the commission and the Attorney General, and the Attorney General shall defend the

state in that suit. If judgment is given against the state in the suit, no costs may be recovered.

(d) (1) Except as provided in paragraph (2), commencing June 30, 2015, and at the end of every fiscal year, 20 percent of all gross revenues generated from the trust lands shall be transmitted to the commission. Of this amount transmitted, the commission shall allocate 80 percent to the Treasurer, for deposit in the General Fund, and 20 percent to the Treasurer, for deposit in the Land Bank Fund for expenditure pursuant to Division 7 (commencing with Section 8600) of the Public Resources Code for management of the commission's granted lands program.

(2) In recognition of the deteriorated conditions at the marina, commencing June 30, 2015, and until June 30, 2021, the commission may, at its discretion, relieve the trustee of its obligation to transmit the gross revenues as specified in paragraph (1) so that the trustee can take action to address those conditions, including the dredging of sediment to restore adequate depth for launching, berthing, and safe navigation at the marina.

(e) The commission may, from time to time, institute a formal inquiry to determine that the terms and conditions of this act, and amendments to this act, have been complied with, and that all other applicable provisions of law concerning the trust lands are being complied with in good faith.

(f) The commission shall approve any loan or expenditures of nontrust revenues for improvements made to the trust lands prior to the loan or expenditure. If not approved, those expenditures shall be deemed a gift to the trust.

SEC. 8. (a) If the commission finds that the trustee has violated or is about to violate the terms of its trust grant or any other principle of law relating to its obligation under the public trust doctrine or under this act, the commission shall notify the trustee of the violation.

(b) The trustee shall have 30 days from receipt of a notice of violation to conform to the terms of its grant and the principles and laws under the public trust doctrine. If the trustee fails or refuses to take those actions, the commission may bring an action to enforce the rights of the state and people as settlor beneficiary under the public trust doctrine.

(c) The Attorney General shall represent the state and people in all actions or proceedings taken pursuant to this section. If the

judgment is given against the state in the action or proceeding, no costs shall be recovered from the state and people.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

Approved _____, 2014

Governor